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FM AMEMBASSY KINGSTON

TO RUEHC/SECSTATE WASHDC IMMEDIATE 3765

INFO RUEHCR/AMEMBASSY ANTIGUA 0116

RUEHCR/AMEMBASSY BRIDGETOWN 3756

RUESON/AMEMBASSY GEORGETOWN 3073

RUESPR/AMEMBASSY PORT AU PRINCE 1428

RUEHSP/AMEMBASSY PORT OF SPAIN 3644

RUESSD/AMEMBASSY SANTO DOMINGO 1688

BT

C O N F I D E N T I A L

LIMITED OFFICIAL USE KINGSTON 1674 COMBINED SECTION

E.O. 12065: NA

TAGS: EAID, ETRD, EINV, JM

SUBJECT: PRESIDENTIAL ANNOUNCEMENT OF CARIBBEAN BASIN INITIATIVE

REF: (A) STATE 045824, (B) KINGSTON 1643, (C) PENNFOLD/DALEY  
TELECON, 2/24/82

1. SUMMARY: EMBOFFS MET WITH JOHN PICKERSGILL, THE DIRECTOR OF THE MINISTRY OF FOREIGN AFFAIRS ECONOMIC DIVISION, AND HEADLEY BROWN, EXECUTIVE DIRECTOR OF JAMAICA'S NATIONAL PLANNING AGENCY, TO OUTLINE THE MAIN POINTS OF THE PRESIDENT'S PROPOSED CARIBBEAN BASIN PROGRAM. BOTH PICKERSGILL AND BROWN RESPONDED VERY POSITIVELY

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State Dept. review completed

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TO THE PROGRAM, AND PROMISED THEIR GOVERNMENT'S FULL SUPPORT. BOTH ALSO RAISED QUESTIONS OF DETAIL REGARDING PARTICULAR PROPOSALS THAT THEY WILL ALSO LIKELY RAISE WITH THE STATE DEPARTMENT DELEGATION NOW PLANNING TO VISIT THE CARIBBEAN CAPITALS OVER THE NEXT TWO WEEKS. END SUMMARY.

2. DCM AND ECONOFF MET WITH JOHN PICKERSGILL, THE DIRECTOR OF THE MINISTRY OF FOREIGN AFFAIRS' ECONOMIC DIVISION, FEBRUARY 23 TO DELIVER THE AMBASSADOR'S LETTER TO DEPUTY PRIME MINISTER SHEARER SUMMARIZING THE PRESIDENT'S PROPOSED PROGRAM AND TO OUTLINE FOR PICKERSGILL THE MAIN POINTS OF THAT PROGRAM. LATER THAT DAY, ECONOFF BRIEFED HEADLEY BROWN, THE EXECUTIVE DIRECTOR OF JAMAICA'S NATIONAL PLANNING AGENCY AND JAMAICA'S REPRESENTATIVE TO THE CARIBBEAN TECHNICAL GROUP AND THE CBI, ON THE PROGRAM.

3. PICKERSGILL'S REACTION WAS EXTREMELY POSITIVE, NOTING THAT THE CBI WAS THE MOST COMPREHENSIVE DEVELOPMENT PROGRAM EVER PUT FORWARD FOR THE REGION. NOTING THAT THE GOJ WAS LONG PAST THE SOUL SEARCHING STAGE IN TERMS OF SUPPORT FOR THE CBI, PICKERSGILL ASSURED EMBOFFS THAT THE GOJ WOULD PROVIDE TIMELY SUPPORT FOR THE PRESIDENT'S "BOLD AND IMAGINATIVE" PROGRAM. TAKING NOTE OF THE INCREASED FINANCIAL ASSISTANCE, THE LIBERAL RULES OF ORIGIN FOR THE FREE TRADE AREA, THE EXPANDED CREDIT GUARANTEE PROGRAMS, AND THE PROPOSED MULTILATERAL INSTITUTIONS FOR EXPANDED INVESTMENT INSURANCE COVERAGE, PICKERSGILL CHARACTERIZED THE INITIATIVE AS AN INTEGRATED PROGRAM, ONE THAT MORE THAN LIVED UP TO THE RECIPIENT COUNTRIES' EXPECTATIONS. HE RECOGNIZED THE RISKS THAT THE ADMINISTRATION WAS TAKING IN PROPOSING SUCH A PROGRAM, WHEN IT WAS FACED WITH ITS OWN DOMESTIC ECONOMIC PROBLEMS, AND THE IMPORTANCE OF A POSITIVE RESPONSE FROM BASIN COUNTRIES, AND OFFERED HIS PERSONAL ASSURANCE OF GOJ SUPPORT. TURNING TO NEXT STEPS, PICKERSGILL WELCOMED THE PROPOSED VISIT BY SENIOR WASHINGTON OFFICIALS TO DISCUSS THE CBI IN DETAIL. HE EXPRESSED PARTICULAR INTEREST IN A FURTHER BRIEFING ON THE PROPOSED RESTRICTIONS ON SUGAR AND TEXTILE AND APPAREL IMPORTS. PICKERSGILL ALSO SAID THAT THE MFA WOULD BE INTERESTED IN REVIEWING A DRAFT OF THE BILATERAL INVESTMENT TREATY THAT THE UNITED STATES WOULD BE NEGOTIATING WITH PANAMA.

4. AFTER A CAREFUL LINE-BY-LINE REVIEW, OF THE CBI, HEADLEY

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BROWN ALSO REACTED VERY FAVORABLY TO THE CBI. IN OUTLINE, BROWN SAID, THE PROGRAM APPEARED TO BE ONE THAT HIS GOVERNMENT COULD SUPPORT ENTHUSIASTICALLY. HE ASKED, HOWEVER, FOR FURTHER CLARIFICATION ON THE FOLLOWING POINTS:

- MORE FAVORABLE TREATMENT FOR CARIBBEAN TEXTILE EXPORTS; HOW WOULD THIS BE CARRIED THROUGH AND WHICH PRODUCTS WOULD BE AFFECTED;
  - RESTRICTIONS ON IMPORTS OF SUGAR; HOW WOULD THEY BE APPLIED;
  - A TWELVE-YEAR FREE TRADE AREA; WHY TWELVE YEARS AND WOULD THERE BE PROVISIONS FOR RENEWAL;
  - A GATT WAIVER FOR THE FREE TRADE AREA; ANY DIFFICULTIES EXPECTED IN SERVING CONCURRENCE;
  - A TAX CREDIT FOR INVESTMENT; WOULD TAX-SPARING ARRANGEMENTS ALSO BE CONSIDERED;
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- SHORT TERM CREDIT GUARANTEES; WOULD CREDIT GUARANTEES FOR LONGER TERM (IN EXCESS OF 180 DAYS) CREDITS BE CONSIDERED;
  - BILATERAL PROGRAMMING OF INFRASTRUCTURE PROJECTS IN THE EASTERN CARIBBEAN; HOW MUCH?

5. ECONOFF RESPONDED TO SEVERAL OF THESE QUESTIONS ON THE BASIS OF BACKGROUND MATERIAL THE EMBASSY HAD RECEIVED FROM THE DEPARTMENT, BUT CAUTIONED BROWN THAT THIS INFORMATION WAS DRAWN FROM PLANNING DOCUMENTS, NOT THE FINAL PROPOSALS. ECONOFF NOTED THAT SENIOR STATE DEPARTMENT OFFICIALS FAMILIAR WITH THE CBI NOW PLANNED TO TOUR THE CARIBBEAN CAPITALS WITHIN THE NEXT TWO WEEKS TO BRIEF POLICY-MAKERS ON THE CARIBBEAN BASIN PROPOSALS, AND SUGGESTED THAT BROWN PUT HIS QUESTIONS TO THEM DURING THEIR VISIT TO JAMAICA. PER REF C, EMBOFFS WILL GET BACK TO BROWN TO GIVE HIM PRELIMINARY RESPONSES TO MANY OF THESE QUESTIONS.

6. COMMENT: BROWN HAS HAD A LEADERSHIP ROLE IN THE CARIBBEAN

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TECHNICAL GROUP ON THE CBI WHICH WAS FORMED AFTER THE MEETING IN SANTO DOMINGO LAST FALL TO CONSIDER THE CBI. HE SAYS THE TECHNICAL GROUP'S DRAFT COMMENTS AND PROPOSALS ON THE CBI ARE NEARLY COMPLETED AND JAMAICA PLANS TO HOST A FINAL MEETING TO APPROVE THE DRAFT PAPER SHORTLY.

GOJ OFFICIALS TELL US THAT THEY HAVE BEEN CONSIDERING CALLING A MEETING

AT THE FOREIGN MINISTERS LEVEL TO TAKE UP THE TECHNICAL GROUP REPORT AND OBTAIN CARIBBEAN GOVERNMENTAL APPROVAL OF THE GROUP'S COMMENTS AND SUGGESTIONS. IN LIGHT OF THE PRESIDENT'S SPEECH AND THE DETAILED PROPOSALS CONTAINED IN REF A, WE DO NOT YET KNOW IF THE GOJ AND OTHER CARIBBEAN PARTICIPATING COUNTRIES WILL GO AHEAD WITH THESE PLANS. END COMMENT.  
LAWRENCE

END OF MESSAGE:

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